

**EXHIBIT 1 TO DECLARATION OF DEBRA C. BROOKES**



NEW YORK STATE  
DEPARTMENT *of*  
FINANCIAL SERVICES

Andrew M. Cuomo  
Governor

Benjamin M. Lawsky  
Superintendent

August 5, 2013

American Web Loans  
Attn: Mr. Scott Anderson  
7500 Highway 1770  
Red Rock, OK 74601

Re: Illegal Online Payday Loans Offered and Sold to New York Consumers

Dear Mr. Anderson:

Based upon an investigation by the New York State Department of Financial Services ("the Department"), it appears that American Web Loans and/or its subsidiaries, affiliates or agents are using the Internet to offer and originate illegal payday loans to New York consumers. This letter serves as notice that these payday loans violate New York's civil and criminal usury laws. Pursuant to the New York Financial Services Law, effective immediately, American Web Loans, its subsidiaries, affiliates, agents, successors and assigns are directed to **CEASE & DESIST** offering and originating illegal payday loans in New York.

Payday loans are short-term, small value loans typically structured as an advance on a consumer's next paycheck. The Department's investigation shows that payday loans that American Web Loans offers to New York consumers charge fees that, when annualized, carry an interest rate many times greater than the civil and criminal usury limits set by New York law. American Web Loans's solicitation or sale of these loans over the Internet to New York consumers is an attempt to evade New York law.

Under the New York General Obligations Law § 5-501 and the New York Banking Law § 14-a, it is civil usury for American Web Loans to make a loan or forbearance under \$250,000 with an interest rate exceeding 16 percent per annum. Further, under New York Penal Law §§ 190.40-42, American Web Loans commits criminal usury every time it makes a loan in New York with an interest rate exceeding 25 percent per annum. In addition, under the provisions of General Obligations Law § 5-511, usurious loans offered by non-bank lenders are void and unenforceable; therefore, collection of debts from payday loans violates New York General Business Law § 601(8) and 15 U.S.C. §§ 1692e(2) and 1692f(1) of the Fair Debt Collection Practices Act. Further, insofar as American Web Loans has made payday loans in New York, American Web Loans has violated § 340 of the New York Banking Law, which prohibits unlicensed non-bank lenders from making consumer loans of \$25,000 or less with an interest rate greater than 16 percent per annum.

Within 14 days of the date of this letter, American Web Loans is directed to confirm in writing to the Department that American Web Loans and its subsidiaries, affiliates or agents no longer solicit or make usurious loans in New York, and outline the steps taken to cease offering these

loans to New York consumers. Should American Web Loans, its subsidiaries, affiliates, agents, successors or assigns fail to comply with this directive by August 19, 2013, the Department will take appropriate action to protect New York consumers. If you have any questions regarding matters discussed in this letter, please contact Debra C. Brookes, Senior Counsel, at 212-709-1662.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Ben. Lawsky", with a stylized, flowing script.

Benjamin M. Lawsky  
Superintendent of Financial Services